Exercise 1 Calc. : ✗

A factory produces computer chips. A sample is taken to check the quality. The proportion of faulty chips in the sample is called p. The sample is used to test the hypothesis $H_0 : p = 0.08$. The alternative hypothesis is given by $H_1 : p > 0.08$ If the null hypothesis is rejected, the chips will be sent back to the factory. If the null hypothesis is not rejected, the chips will be used.	
a) **Describe** the type 1 and type 2 errors in this situation.	2 marks
b) The significance level for this test is set at 2.5%. The p-value of the test is 0.034. **Explain** what will happen to the computer chips.	3 marks